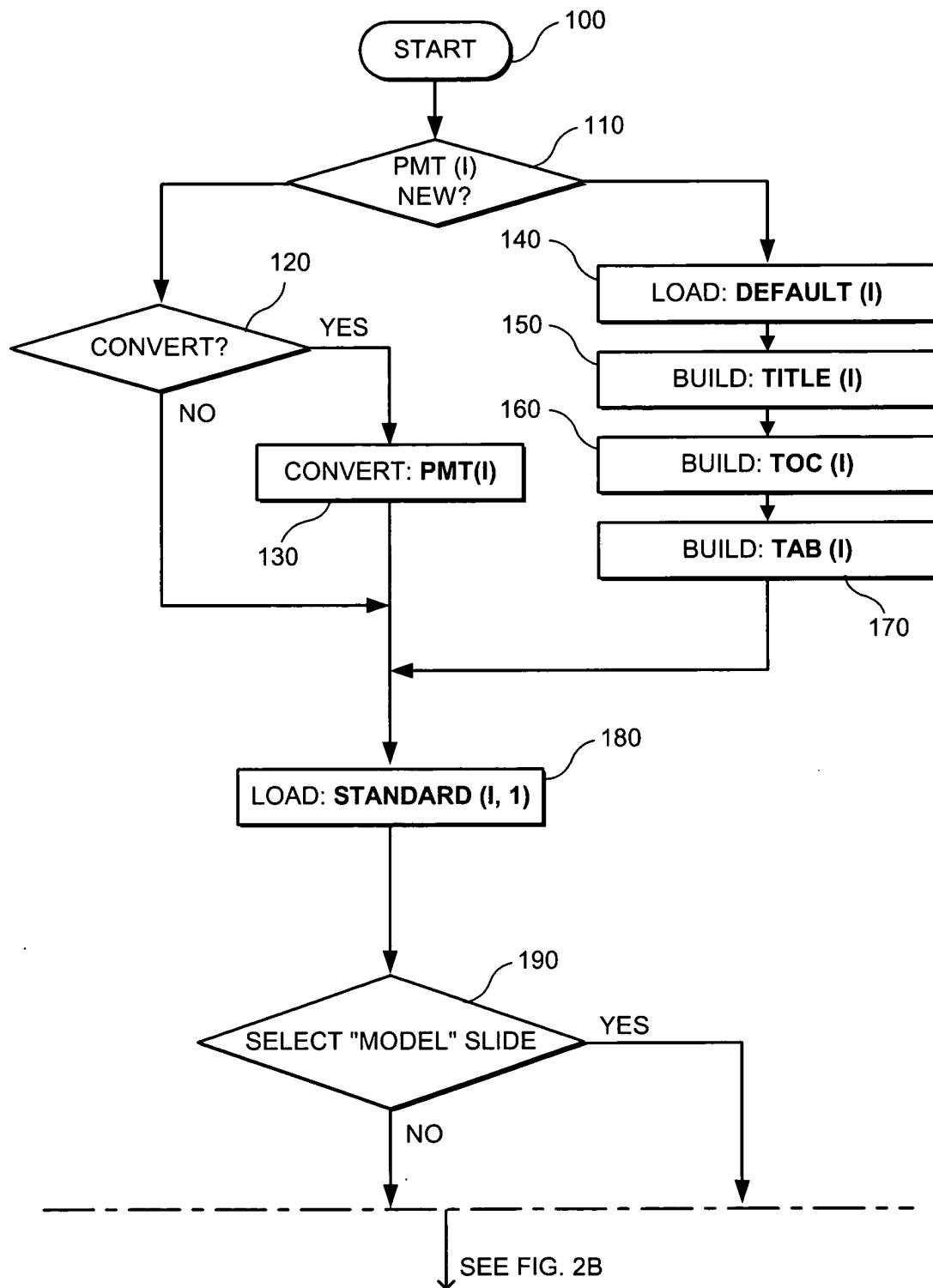


FIG. 1



F I G. 2A

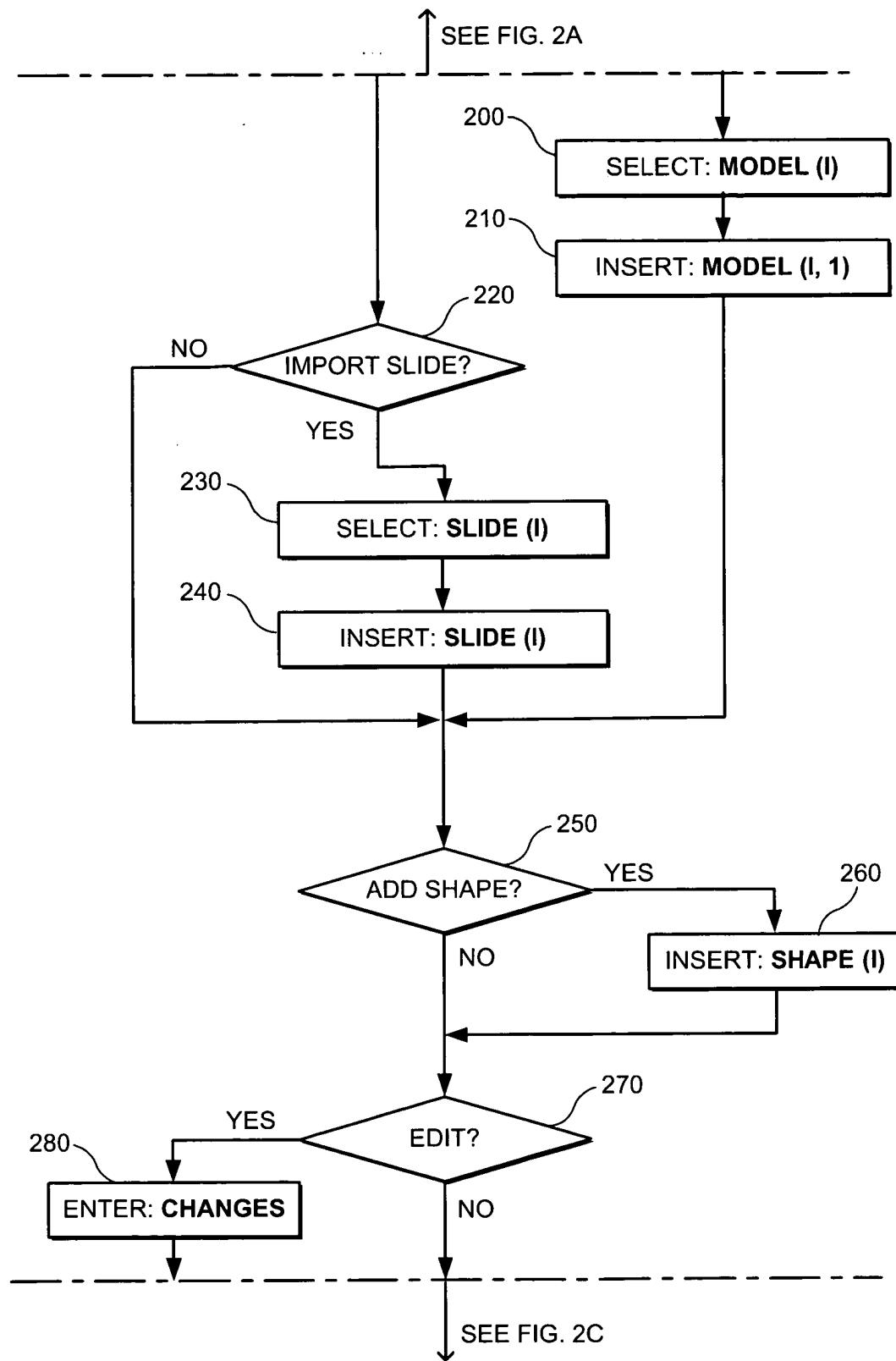


FIG. 2B

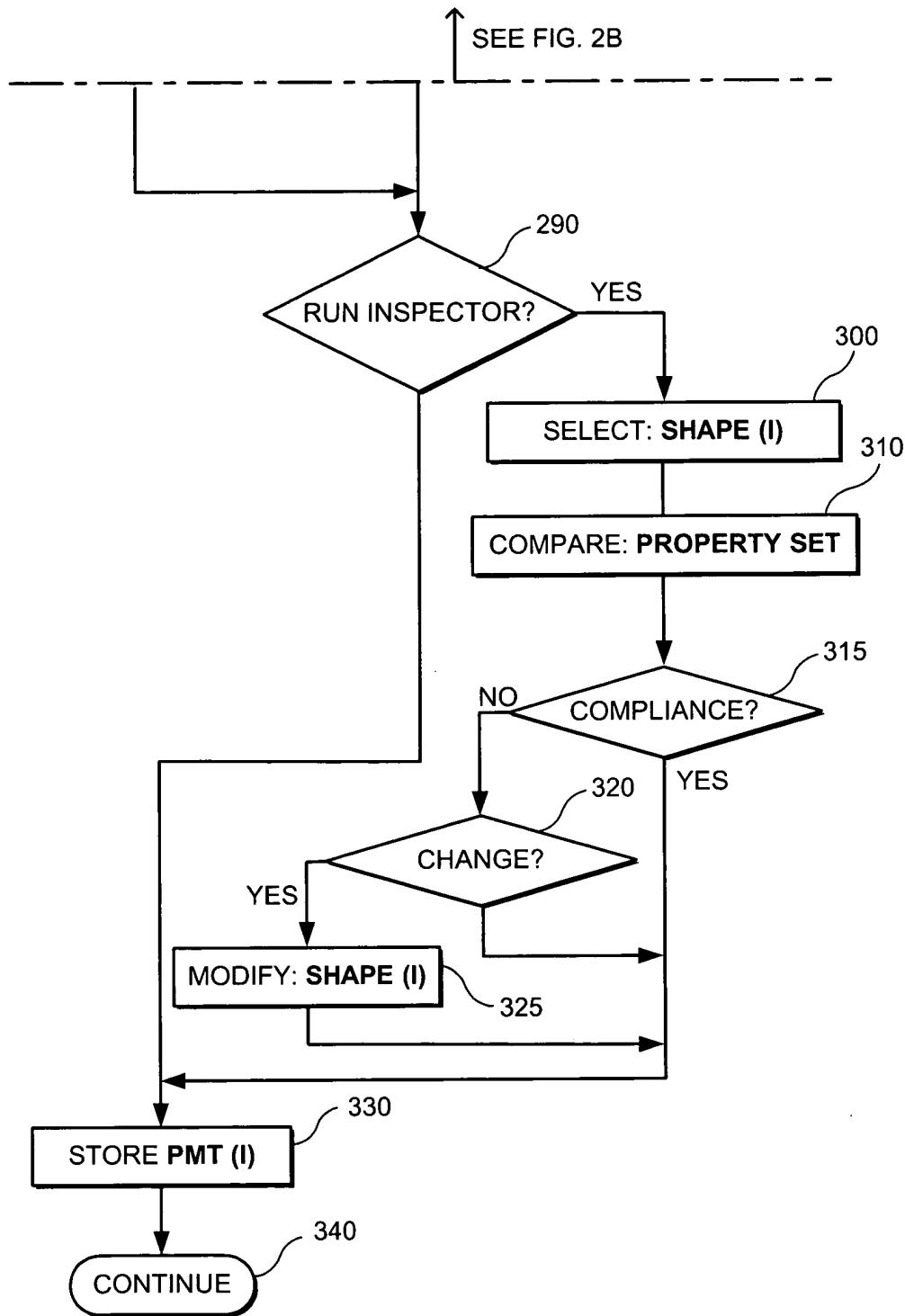


FIG. 2C

FIGURE 3

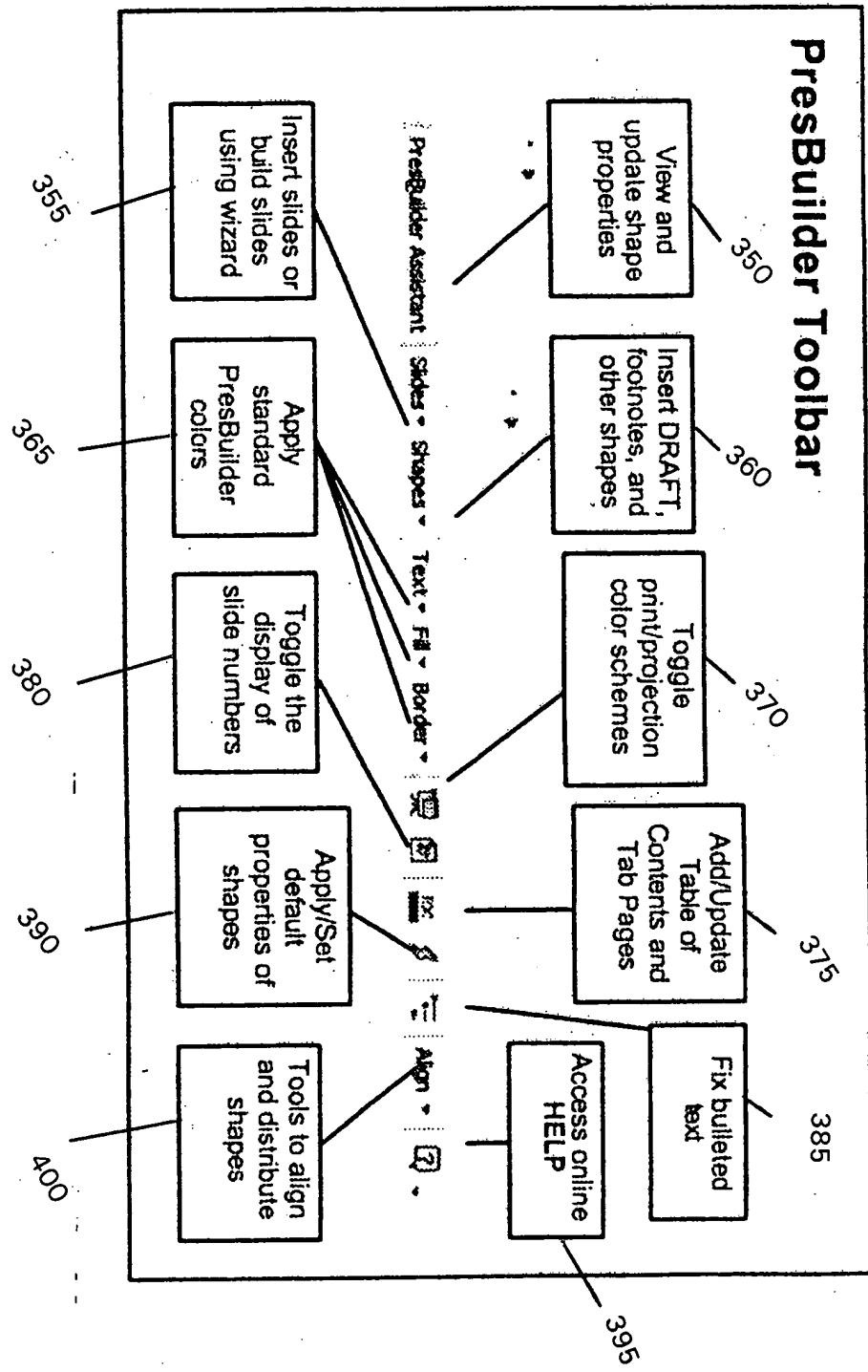


FIGURE 4

SAMPLE PRESENTATION

Confidential Presentation to:

Company XYZ

COMPANY
XYZ

Opportunities in the E&P Sector (Sample for PresBuilder)

December, 2003

LEHMAN BROTHERS

Table of Contents

FIGURE 5

- ◆ Introduction
- ◆ Upstream M&A Market Overview
- ◆ Transaction Opportunity
- ◆ Appendices
 - ◆ Comparable Company Analysis
 - ◆ Case Study
- ◆ Lehman Brothers' Energy Leveraged Finance Qualifications

Agenda

LEHMAN BROTHERS

COMPANY
XYZ

FIGURE 6

Introduction

Introduction

FIGURE 7

Introduction

Meeting Overview

- ◆ Lehman Brothers is pleased to meet with Company XYZ to discuss an opportunities in the exploration and production (“E&P”) sector.
- ◆ We intend to cover the following topics in our presentation today:
 - An overview of the E&P M&A market
 - A discussion of opportunities with Company Q
 - A review of Lehman Brothers M&A credentials

Lehman Brothers Company XYZ Team

FIGURE 8

Lead Banker has significant transaction experience.

Introduction

| | |
|---------|--------------------|
| Insert | Title |
| Banker | Client |
| Picture | Transaction |
| Here | |

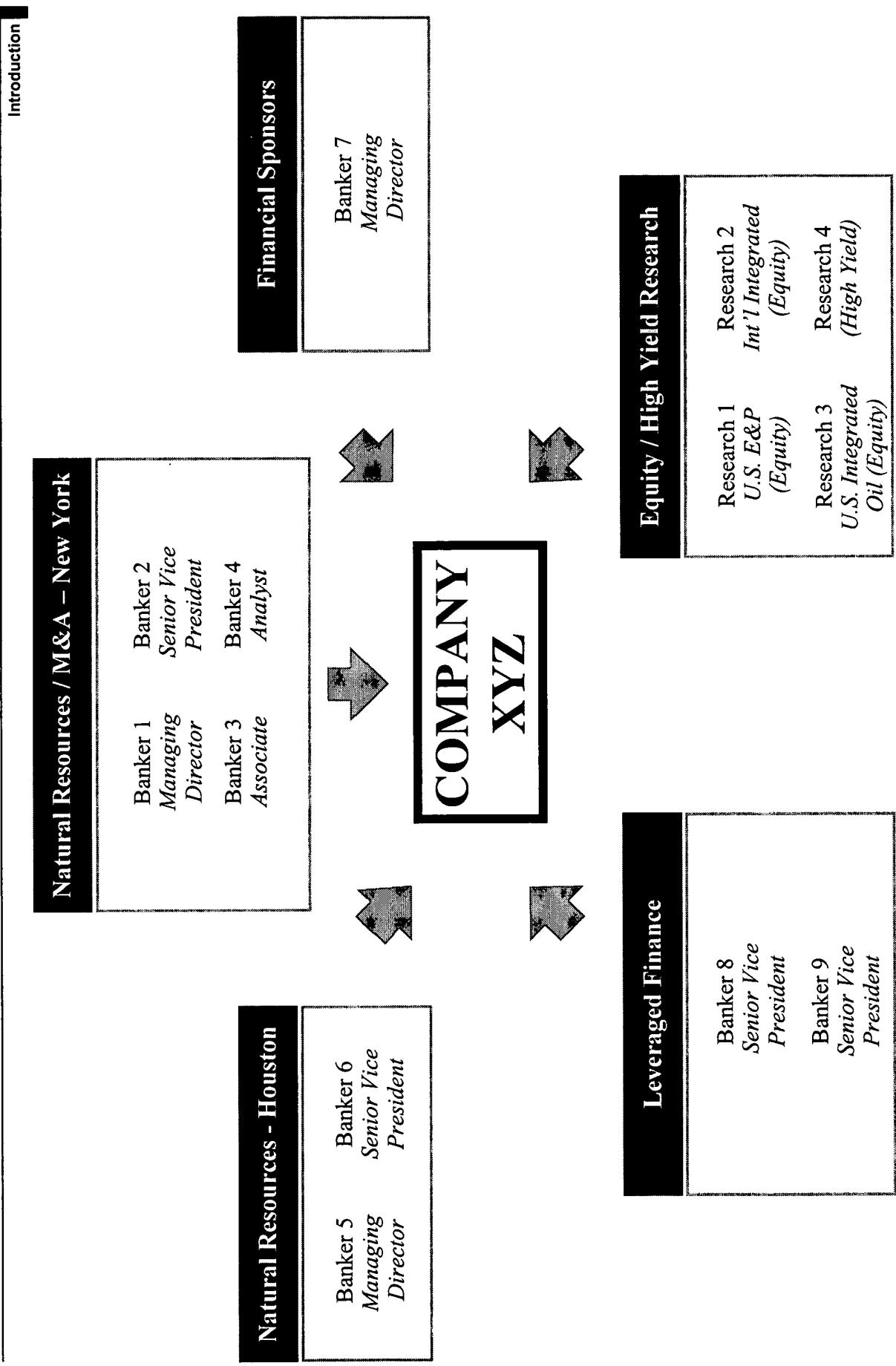
Lead Banker
*Managing Director,
Global Chemicals Group*

| Title | |
|-------------------------|---|
| Client | Transaction |
| Issuer: | Teligent, Inc. (the Company) |
| Issue: | Senior Notes due 2009 (the Notes) |
| Principal Amount: | \$250-\$500 million principal amount |
| Registration: | Shelf takedown |
| Assumed Credit Ratings: | Caa1/CCC |
| Interest Rate: | 12 % - 13% payable semi-annually in arrears |
| Interest Escrow: | None required |
| Ranking: | Pari passu with other senior debt of the Company; structurally subordinated to subsidiary debt |
| Registration: | Shelf takedown |
| Assumed Credit Ratings: | Caa1/CCC |
| Interest Rate: | 12 % - 13% payable semi-annually in arrears |
| Interest Escrow: | None required |
| Ranking: | Pari passu with other senior debt of the Company; structurally subordinated to subsidiary debt |

| Title | |
|-----------------------------------|---|
| Issuer | Client |
| Senior Notes due 2009 (the Notes) | Teligent, Inc. (the Company) |
| Principal Amount: | \$250-\$500 million principal amount |
| Registration: | Shelf takedown |
| Assumed Credit Ratings: | Caa1/CCC |
| Interest Rate: | 12 % - 13% payable semi-annually in arrears |
| Interest Escrow: | None required |
| Ranking: | Pari passu with other senior debt of the Company; structurally subordinated to subsidiary debt |
| Registration: | Shelf takedown |

Lehman Brothers Company XYZ Team

FIGURE 9

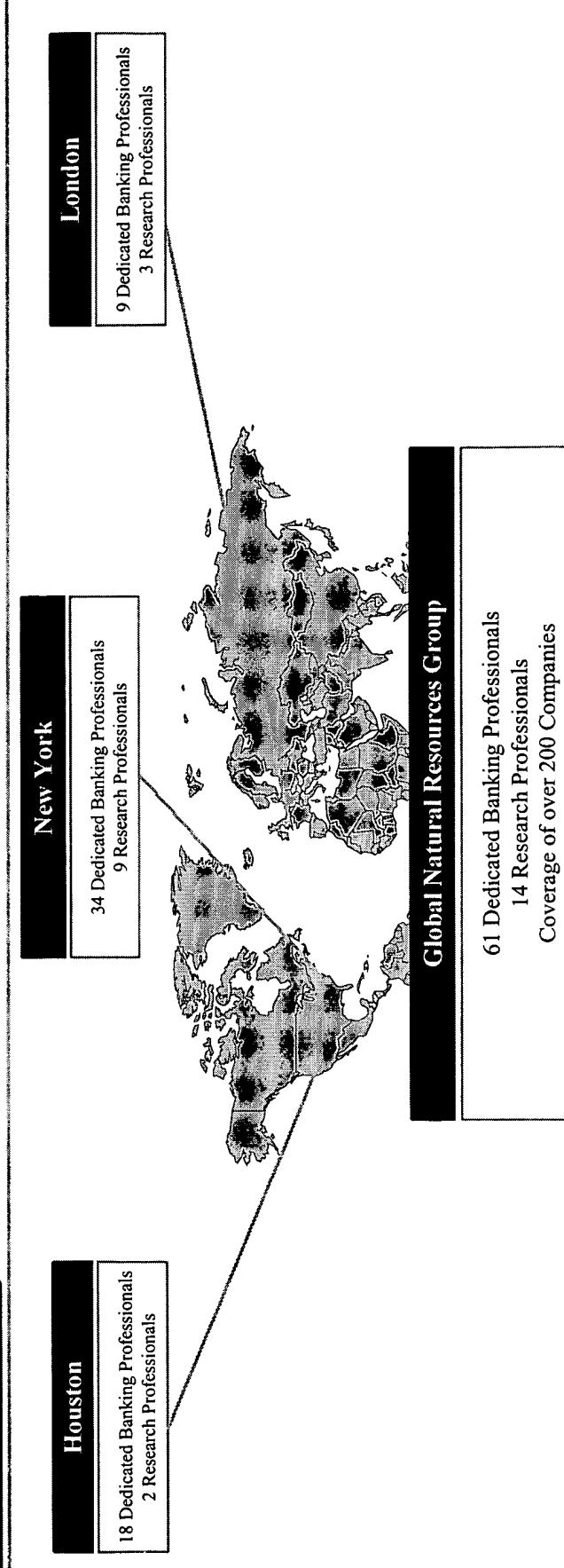


Premier Global Natural Resources Franchise

FIGURE 10

Introduction

- Proven Track Record**
 - ◆ Lehman Brothers has maintained a dedicated natural resources investment banking practice for over 50 years
- Industry Leader**
 - ◆ Consistently ranks among top 3 M&A advisors
 - ◆ #1 bookrunner of U.S. equity and equity-related new issues since the beginning of 2000
 - ◆ #1 underwriter of high yield debt in 2002 year-to-date
 - ◆ #1 arranger of leveraged loans in 2002 year-to-date
- Unparalleled Research**
 - ◆ 6 Institutional Investor's All-America Research Team Analysts



LEHMAN BROTHERS

4

COMPANY
XYZ

Lehman Brothers' M&A Qualifications

FIGURE 11

Selected Natural Resources Transactions

- ◆ Lehman Brothers has also been an active M&A advisor within the broader Natural Resources sector.

| | | | | | | | | | |
|---|--|--|--|---|--|--|---|--|--|
|  <p>Pending</p> <p>Williams has agreed to sell its Mid-South downstream assets to</p> |  <p>Prencor The undersigned acted as exclusive financial advisor to Williams</p> |  <p>LEHMAN BROTHERS May 2002</p> |  <p>Q SERVICES INC. has been acquired by</p> |  <p>The undersigned acted as financial advisor to Q Services</p> |  <p>COFLEXIP STENA OFFSHORE has merged with</p> |  <p>The undersigned acted as financial advisor to Coflexip Stena Offshore</p> |  <p>LEHMAN BROTHERS October 2001</p> |  <p>The undersigned acted as financial advisor to Chevron Corporation</p> |  <p>LEHMAN BROTHERS September 2001</p> |
|  <p>Williams has completed a restructuring</p> |  <p>ENTERPRISE The undersigned acted as financial advisor to Williams</p> |  <p>LEHMAN BROTHERS May 2002</p> |  <p>TESORO acquisition of certain R&M assets of</p> |  <p>VALERO ENERGY CORPORATION The undersigned acted as financial advisor to Tesoro</p> |  <p>MIDAMERICAN ENERGY HOLDINGS COMPANY has sold its Kern River pipeline and issued Preferred Stock to</p> |  <p>BP The undersigned acted as financial advisor to BP</p> |  <p>LEHMAN BROTHERS March 2002</p> |  <p>STATOIL privatization of Company</p> |  <p>LEHMAN BROTHERS February 2001</p> |
|  <p>MIDAMERICAN ENERGY HOLDINGS COMPANY acquisition of Northern Natural Gas Pipeline from</p> |  <p>DYNEGY The undersigned acted as financial advisor to Mid-American</p> |  <p>LEHMAN BROTHERS July 2002</p> |  <p>Williams has sold 98% of its interests in the MAPL and Seminole pipelines to</p> |  <p>BG has acquired</p> |  <p>ENRON The undersigned acted as financial advisor to Enron</p> |  <p>LEHMAN BROTHERS July 2002</p> |  <p>OIL AND GAS INDIA LTD The undersigned acted as financial advisor to Oil and Gas India Ltd</p> |  <p>LEHMAN BROTHERS January 2001</p> | |

Introduction

LEHMAN BROTHERS

COMPANY
XYZ

FIGURE 12

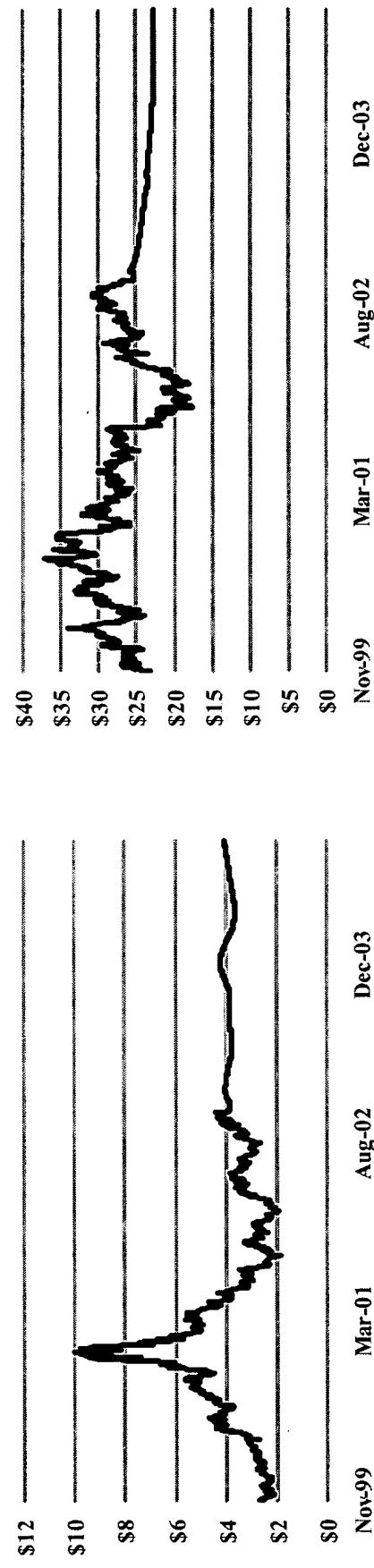
Upstream M&A Market Overview

Upstream M&A Market Overview

FIGURE 13

Commodity Price Environment

- ◆ Oil and gas markets continued to be volatile in 2002, driven by world political events and supply / demand dynamics.
- ◆ Ongoing tensions in the Middle East, non-OPEC extended production cuts, and a temporary disruption in Venezuelan oil operations due to the April riots in that country created a sharp war premium in crude oil prices despite a fragile economy and weak demand fundamentals.
- ◆ Early strength from high competitive fuel prices and current concerns over falling domestic production and imported volumes have staved off a decline in natural gas prices despite a large inventory overhang throughout the year.



- ◆ While the gap has narrowed in recent months, there continues to be a disparity between the forward strip and First Call commodity prices.

| | Spot (11/29/02) | 52-Week High | Low | 2002 ⁽¹⁾ | 2003 | 2004 | Calendar Strips | Lehman Research | First Call Consensus | 2003 | 2004 |
|-------------------------|--------------------|-----------------|---------|---------------------|---------|---------|-----------------|-----------------|----------------------|---------|------|
| Natural Gas (Henry Hub) | \$4.19 | \$4.43 | \$1.81 | \$3.33 | \$3.99 | \$3.86 | \$3.50 | \$3.50 | \$3.41 | \$3.38 | |
| Oil (WTI) | \$26.89 | \$30.83 | \$17.97 | \$25.96 | \$25.42 | \$23.45 | \$24.25 | \$21.00 | \$23.45 | \$21.65 | |

• Represents 1 month of strip prices and 11 months of historical spot prices.

Upstream M&A Market Overview

FIGURE 14

Recent Premiums Paid

- ◆ A decline in natural gas prices following the announcement of the Barrett / Williams transaction resulted in lower transaction premiums as well as prices (\$/Mcfe).
 - Sellers continue to “look back” to their 52-week highs as floor pricing, though early 2001 highs are fading

| | Premiums Paid | | | | | | | | | |
|------------------------------|-----------------------|--------------------------|----------------|-----------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------|-------------------------|
| Transaction Type | UCL / PRS | CNQ / RAX ⁽¹⁾ | PCE / AEC | MHR / PRZ | BR / HTR | D / LD | DVN / AXL | KMG / MND | DVN / HSE | WMB / BR ⁽²⁾ |
| % Cash | 0% | 60% | 0% | 15% | 100% | 50% | 100% | 57% | 70% | 50% |
| % Stock | 100% | 40% | 100% | 85% | 0% | 50% | 0% | 43% | 30% | 50% |
| Premium to: | | | | | | | | | | |
| 1 Day Prior to Announcement | 27.0% | 25.4% | 11.8% | 32.6% | 35.9% | 22.0% | 51.5% | 32.3% | 23.9% | 60.0% |
| 5 Day Prior to Announcement | 29.4% | 27.0% | 18.0% | 40.8% | 51.4% | 20.9% | 43.4% | 31.2% | 39.2% | 65.0% |
| 20 Day Prior to Announcement | 24.3% | 31.1% | 8.7% | 41.2% | 51.4% | 32.4% | 41.4% | 39.1% | 41.3% | 47.6% |
| 52-Week High | (5.7%) | (38.9%) | (14.3%) | 1.6% | 16.5% | (14.6%) | 4.7% | (4.8%) | 21.1% | 27.8% |
| Transaction Comparison: | | | | | | | | | | |
| Date of Announcement | 8/20/02 | 5/13/02 | 1/28/02 | 12/18/01 | 10/9/01 | 9/10/01 | 9/4/01 | 8/14/01 | 5/14/01 | 5/7/01 |
| 12-Month Forward Gas Strip | \$3.64 | \$4.03 | \$2.11 | \$2.66 | \$2.84 | \$3.02 | \$3.01 | \$3.52 | \$4.81 | \$4.51 |
| \$/Mcfe | \$1.19 ⁽³⁾ | \$1.43 | \$0.79 | \$0.82 | \$1.27 ⁽⁴⁾ | \$1.13 ⁽⁵⁾ | \$1.27 ⁽⁶⁾ | \$1.26 ⁽⁷⁾ | \$1.28 | \$1.31 ⁽⁸⁾ |
| % Gas | 68% | 86% | 42% | 48% | 97% ⁽⁴⁾ | 89% ⁽⁵⁾ | 62% ⁽⁶⁾ | 95% ⁽⁷⁾ | 79% | 96% ⁽⁸⁾ |
| R/P (Years) | 10.4 | 5.6 | 15.2 | 12.8 | 7.8 ⁽⁴⁾ | 13.2 ⁽⁵⁾ | 9.4 ⁽⁶⁾ | 7.4 ⁽⁷⁾ | 14.2 | 17.8 ⁽⁸⁾ |

• Premiums based on consideration of C\$18 per share plus reported value of spun-off subsidiary of C\$1.90 per share.

• Premiums based on Barrett stock price on March 7, 2001, one day prior to Shell's unsolicited offer to buy Barrett.

• \$70.3 million allocated to non-reserve assets.

• Based on BR's reserve estimates as of year-end 2001 (1,237 Bcfe). After allocation of value to non-proved properties.

• Based on reserve estimates as of 12/31/00 (1,808 Bcfe). After allocation of value to non-proved properties.

• Based on AXL's reserve estimates as of 8/1/01 (3,192 Bcfe). After allocation of value to non-proved properties.

• Based on MND's reserve estimates as of 6/30/01 (2,100 Bcfe). After allocation of value to non-proved properties.

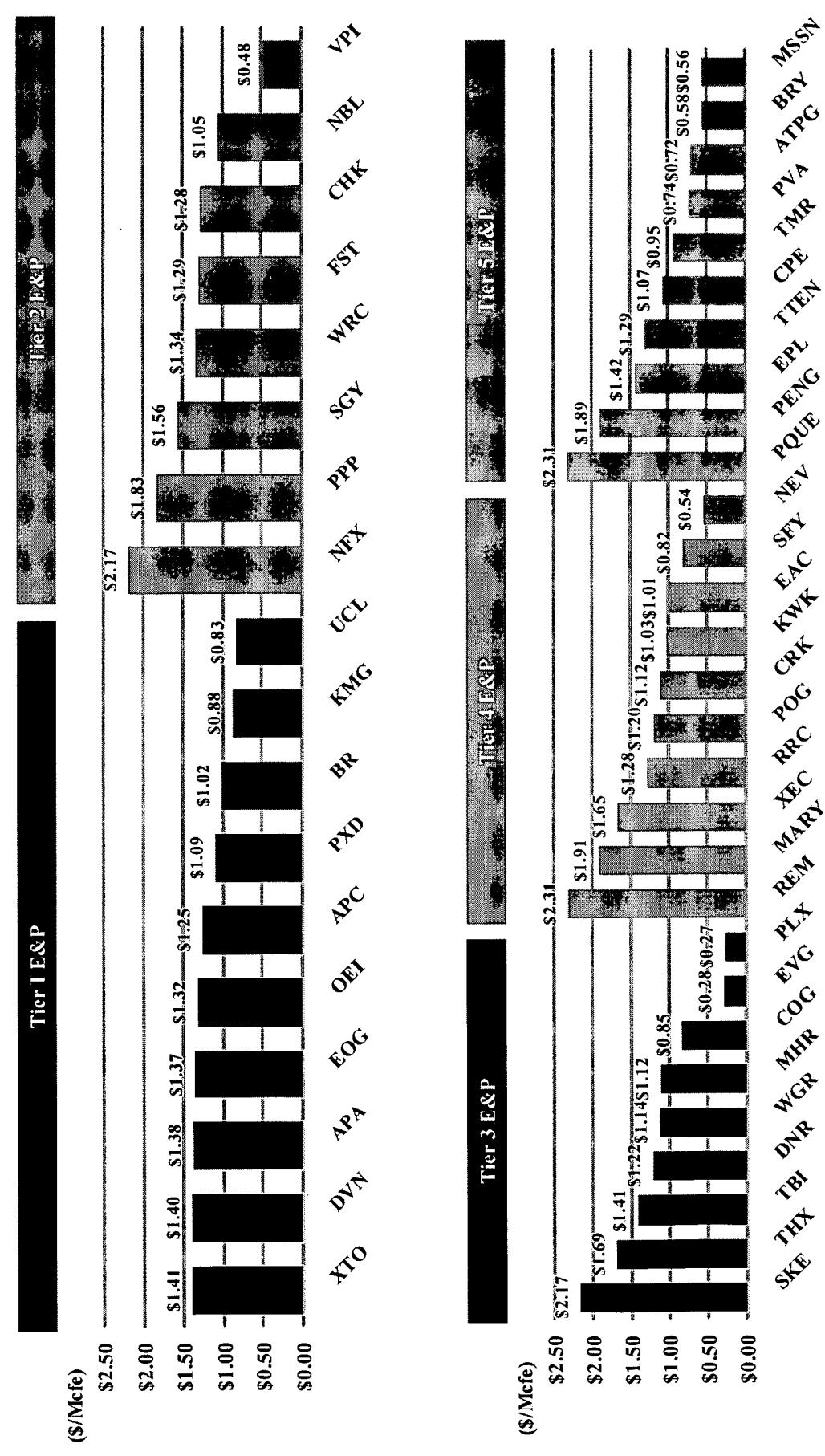
• Based on reserve estimates as of 3/31/01. After allocation of value to non-proved properties.

Upstream M&A Market Overview

FIGURE 15

Reserve Multiples⁽¹⁾

Upstream M&A Market Overview



• Multiples exclude value attributed to non-E&P properties.

FIGURE 16

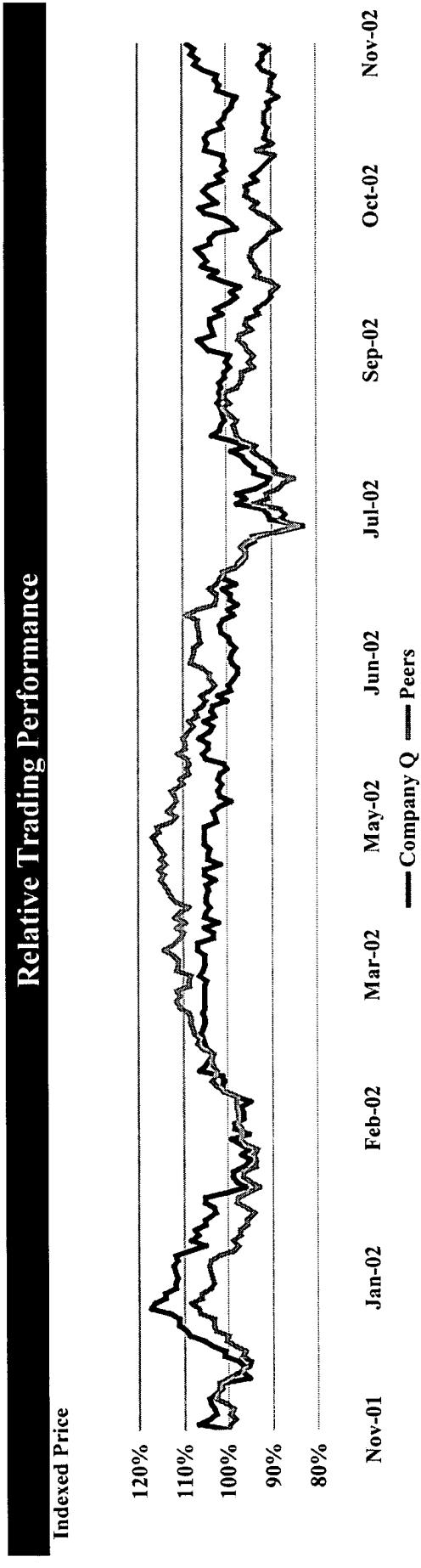
Transaction Opportunities |

Overview of Company Q

FIGURE 17

General Overview

- ◆ Company Q is a mid-cap domestic independent focused in the GOM and onshore U.S.
 - Offshore properties located in the shallow waters of the GOM; onshore properties in S. Texas, the Arkoma Basin, South Louisiana, the Appalachian Basin in West Virginia and E. Texas
 - Balance of high impact offshore exploration plays with stable domestic onshore development and exploitation opportunities
- Net proved reserves of 734 Bcfe as of (95% gas, 67% proved developed) ⁽¹⁾
- ◆ KevCo owns 67% of Company Q's common stock.
- ◆ KevCo ran a formal auction process for Company Q in early 2000 and a second quiet process in late 2001; however, price expectations were not satisfied.
- Company Q is considered to be “available” to a cash buyer



* 2001 year-end reserves pro forma for acquisition of B and C properties. No adjustments made for acquisition of working interest in KevCo producing blocks. Assumes B assets acquired are 100% developed.

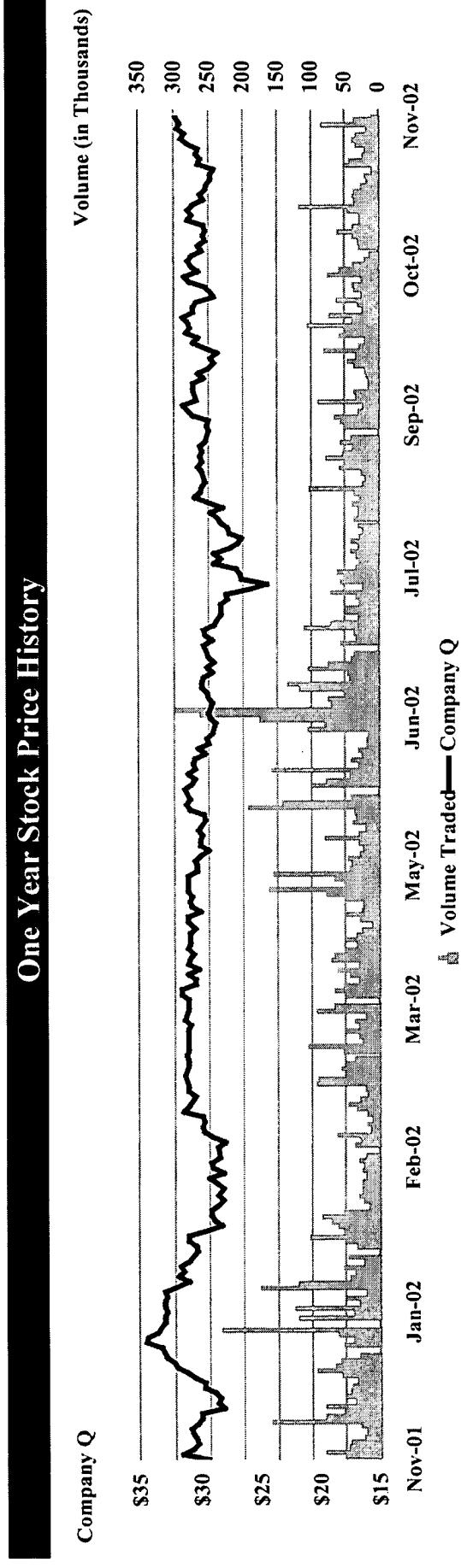
Overview of Company Q

FIGURE 18

Transaction Opportunities

Recent Events

- ◆ From January 1, 1997 to December 31, 2001, the Company increased its proved reserve base and annual production at compound annual growth rates of 13% and 23%, respectively.
- ◆ In September 2002, Company Q and Paso announced a joint venture to drill up to six exploration wells on the shallow water Gulf of Mexico.
- ◆ On June 3, 2002, Company Q closed on the acquisition of South Texas properties (37 Bcfe of net proved reserves) from Berry Resources for \$48.1 million.
- ◆ On December 31, 2001, the Company completed the purchase of natural gas and oil properties and associated gas gathering pipelines and equipment from Conoco for \$69 million.
 - Transaction expanded operations in South Texas; 85 Bcfe



LEHMAN BROTHERS

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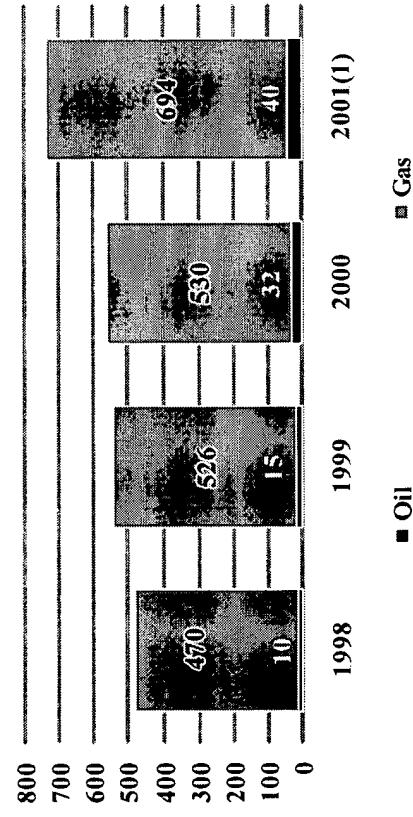
COMPANY
XYZ

Overview of Company Q

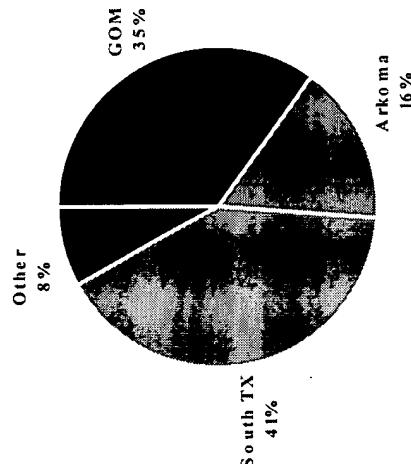
FIGURE 19

Reserves & Production

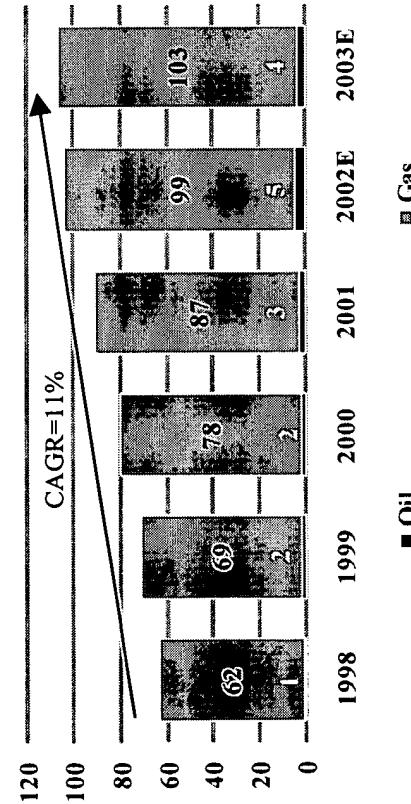
Historical Proved Reserves (Bcfe)



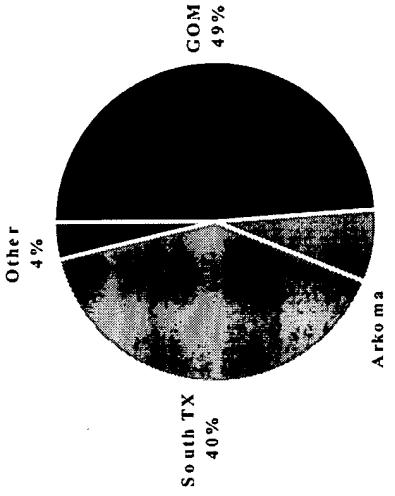
Proved Reserves by Area



Historical and Estimated Net Production(2) (Bcfe)



2001 Production Distribution



- *Pro forma for acquisition of B and C properties. No adjustments made for acquisition of working interest in KerrCo producing blocks.*
- *Estimates per Lehman Brothers equity research.*

Overview of Company Q

FIGURE 20

Summary Financial Information

Historical Financials

| | 2000 | 2001 | LTM |
|----------------------|-------------|-------------|------------|
| Revenue | \$271 | \$380 | \$316 |
| EBITDA | 288 | 270 | 266 |
| EBIT | 199 | 141 | 115 |
| Net Interest | 11 | 3 | 6 |
| Net Income to Common | 85 | 123 | 76 |
| CFFO | 201 | 358 | 209 |
| Capex | 185 | 368 | 302 |

Balance Sheet Information

| | Total Assets | Total Liabilities | Equity | Total Capital |
|---------------------------------------|--------------|-------------------|-----------|---------------|
| Cash | \$10 | \$9 | \$5 | \$5 |
| Net PP&E | 705 | 939 | 988 | 988 |
| Total Assets | 837 | 1,059 | 1,074 | 1,074 |
| Total Debt | \$245 | \$244 | \$247 | \$247 |
| Preferred Equity | - | - | - | - |
| Minority Interest | - | - | - | - |
| Common Equity | 397 | 566 | 566 | 566 |
| Book Capitalization | \$642 | \$810 | \$813 | \$813 |
| <i>Total Debt/Total Book Cap.</i> | 38.2% | 30.1% | 30.4% | 30.4% |
| <i>Net Debt/Net Book Cap.</i> | 37.2% | 29.4% | 29.9% | 29.9% |

- Estimates per Lehman Brothers equity research.

Trading Information

| | Peer | Median | Multiple | Data | Multiple | Equity Value as a Multiple of: |
|----------------------|--------|--------|----------|--------|----------|--------------------------------|
| EPS ⁽¹⁾ : | | | | | | |
| 2003E | \$2.45 | 12.8 | x | \$2.55 | 12.3 | x |
| 2004E | | | | | | |

| | |
|----------------------------------|----------------|
| Common Stock Price (11/29/02) | \$31.30 |
| Shares Outstanding (MM) | 30.7 |
| "In the Money" Options | 0.4 |
| Market Value | \$975 |
| Net Debt & Pfd. | 268 |
| Net Market Capitalization | \$1,243 |

Transaction Opportunities

LEHMAN BROTHERS

COMPANY
XYZ

Overview of Company Q

FIGURE 21

Officers, Directors and Shareholders

| Officers | | Shareholders (1) | |
|-----------------------|--|----------------------------------|--------------------------|
| Name | Title | Major Institutional Shareholders | Held % of Total |
| William G. Hargett | President and CEO | Keyspan Energy Corp | 20,380,392 66.4% |
| Charles W. Adcock | SVP and General Manager, Offshore Division | MFS Investment Management | 2,479,096 8.1% |
| Steven L. Mueller | SVP and General Manager, Offshore Division | Dimensional Fd Advisors, Inc. | 1,135,900 3.7% |
| Tracy Price | SVP Land | Dalton Greiner Hartman Maher | 879,835 2.9% |
| Roger B. Rice | VP, Human Resources and Administration | Legg Mason Fds Mgmt, Inc. | 784,180 2.6% |
| Thomas E. Schwartz | VP, Geophysics | Westport Asset Management Inc. | 665,500 2.2% |
| James F. Westmoreland | VP, Chief Accounting Officer and Secretary | Barclays Gbl Investors, N.A. | 569,974 1.9% |
| | | Fleet Invt Advisors, Inc. | 459,100 1.5% |
| Directors | | Mellon Private Asset Mgmt | |
| Name | Title | Principal Cap Investors, LLC | 327,208 1.1% |
| Robert B. Catell | Chairman | Vanguard Group | 292,646 1.0% |
| William G. Hargett | President and CEO | Westwood Management Corp. | 223,589 0.7% |
| Gordon F. Ahalt | President, GFA Inc. | Numeric Investors, L.P. | 189,700 0.6% |
| David G. Elkins | President and Co-CEO, Sterling Chemicals, Inc. | Muhlenkamp And Company Inc. | 186,808 0.6% |
| Russell D. Gordy | Managing General Partner, S.G. Interests | State Str Global Advr | 180,600 0.6% |
| Gerald Luterman | EVP and CFO of KeySpan | | 160,584 0.5% |
| H. Neil Nichols | President, KeySpan Energy Development Corp. | Total | 28,915,112 94.2% |
| James Q. Riordan | Retired Vice Chairman and CFO, Mobil | Officers and Directors | 215,326 0.7% |
| Donald C. Vaughn | Retired Vice Chairman, Halliburton | Other | 1,562,457 5.1% |
| Robert J. Fani | President, KeySpan Energy Services | Total Shares Outstanding | 30,692,895 100.0% |

• Data based on Shareworld ownership data and available public filings.

FIGURE 22

Appendices |

FIGURE 23

Comparable Company Analysis |

Comparable Company Analysis

E&P Companies

| Comparable Company Analysis | | | | | | | | | | Median |
|---|-----------|----------|----------|----------|---------|----------|----------|----------|----------|---------|
| Company Name: | AAA Co. | BBB Co. | CCC Co. | DDD Co. | EEE Co. | FFF Co. | GGG Co. | HHH Co. | III Co. | JJJ Co. |
| Ticker Symbol: | AAA | BBB | CCC | DDD | EEE | FFF | GGG | HHH | III | JJJ |
| Current Stock Price as of 11/29/02: | \$47.20 | \$53.88 | \$42.12 | \$45.79 | \$38.77 | \$45.25 | \$18.84 | \$24.66 | \$29.65 | \$23.95 |
| Equity Market Value (\$MM): | \$11,804 | \$7,844 | \$8,480 | \$7,212 | \$4,578 | \$4,542 | \$3,409 | \$2,931 | \$7,647 | \$3,074 |
| Net Market Capitalization (\$MM): | \$17,443 | \$10,505 | \$12,114 | \$14,831 | \$5,809 | \$9,451 | \$4,755 | \$4,557 | \$9,423 | \$4,204 |
| Equity Market Value as a Multiple of: | | | | | | | | | | |
| DCFPS | LTM | 6.4 x | 5.5 x | 6.3 x | 4.5 x | 6.2 x | 3.3 x | 5.4 x | 7.8 x | 4.5 x |
| | 2002E | 5.8 x | 5.1 x | 6.1 x | 3.9 x | 6.1 x | 4.4 x | 4.8 x | 7.5 x | 4.1 x |
| | 2003E | 5.4 x | 4.8 x | 5.5 x | 3.6 x | 5.5 x | 4.0 x | 4.7 x | 4.4 x | 4.0 x |
| | 2004E | 5.3 x | 5.1 x | 5.4 x | 3.5 x | 5.3 x | 4.1 x | 4.6 x | 4.2 x | 4.4 x |
| EPS: | LTM | 19.2 x | 17.2 x | N/M | 14.4 x | N/M | 23.2 x | N/M | 3.4 x | 16.3 x |
| | 2002E | 15.7 x | 13.8 x | 22.2 x | 13.5 x | 43.1 x | 19.3 x | 17.9 x | 44.8 x | 16.9 x |
| | 2003E | 13.7 x | 13.8 x | 21.1 x | 10.1 x | 22.2 x | 15.6 x | 17.1 x | 9.3 x | 15.5 x |
| | 2004E | 15.0 x | 16.8 x | 21.6 x | 10.2 x | 23.5 x | 18.1 x | 20.9 x | 10.7 x | 14.5 x |
| Book Value: | | 1.8 x | 1.7 x | 2.3 x | 1.6 x | 3.0 x | 1.6 x | 2.2 x | 2.1 x | 2.1 x |
| Enterprise Value as a Multiple of: | | | | | | | | | | |
| EBITDE: | LTM | 7.6 x | 6.1 x | 7.4 x | 6.4 x | 7.4 x | 6.4 x | 6.9 x | 11.6 x | 2.5 x |
| | 2002E | 6.8 x | 5.5 x | 6.8 x | 6.1 x | 7.7 x | 5.2 x | 6.0 x | 9.6 x | 4.2 x |
| | 2003E | 6.3 x | 5.4 x | 6.3 x | 5.6 x | 6.1 x | 5.6 x | 5.5 x | 5.6 x | 4.0 x |
| | 2004E | 6.3 x | 5.7 x | 6.2 x | 5.3 x | 6.0 x | 5.8 x | 5.6 x | 5.5 x | 4.4 x |
| Net PP&E: | | 1.2 x | 1.3 x | 1.4 x | 1.4 x | 1.8 x | 1.3 x | 1.5 x | 1.5 x | 1.2 x |
| Market Value of Reserves as a Multiple of: | | | | | | | | | | |
| Proved Reserves (6:1) | MMBOE | \$7.51 | \$8.29 | \$6.10 | \$8.42 | \$8.22 | \$5.28 | \$7.91 | \$6.56 | \$4.95 |
| | BcfE | \$1.25 | \$1.38 | \$1.02 | \$1.40 | \$1.37 | \$0.88 | \$1.32 | \$1.09 | \$0.83 |
| SEC Value: | After-Tax | 2.2 x | 1.9 x | 2.0 x | 2.3 x | 2.3 x | 1.5 x | 1.7 x | 1.8 x | 1.7 x |
| | Pre-Tax | 1.5 x | 1.4 x | 1.4 x | NA | 1.7 x | 1.1 x | 1.4 x | 1.6 x | 1.2 x |
| Proved Reserves / 2001 Production | | 11.7 yrs | 10.1 yrs | 13.8 yrs | 8.6 yrs | 10.4 yrs | 13.3 yrs | 11.0 yrs | 16.2 yrs | 9.5 yrs |
| % Gas | | 50.7% | 52.7% | 68.8% | 65.8% | 89.7% | 45.7% | 49.3% | 53.2% | 62.2% |
| Credit Statistics: | | | | | | | | | | |
| Net Debt / Net Book Cap | | 45.0% | 27.3% | 49.5% | 62.2% | 39.4% | 52.8% | 43.7% | 53.8% | 40.6% |
| Net Debt / Net Market Cap | | 31.7% | 19.0% | 30.0% | 50.4% | 18.6% | 43.6% | 26.5% | 35.7% | 29.7% |
| LTM EBITDE / Gross Interest | | 6.6 x | 10.8 x | 4.8 x | 4.2 x | 11.9 x | 6.4 x | 3.5 x | 17.2 x | 8.9 x |

FIGURE 25

Case Study |

Superior Execution

FIGURE 26

| Lehman Brothers' Energy Leveraged Finance Qualifications | |
|--|--|
| | Situation Overview |
| <i>April 17, 2002</i> | <ul style="list-style-type: none">The offering allowed XTO to access the high yield market at all-time record levels using proceeds to acquire additional oil and natural gas assets, repay bank debt and redeem subordinated debtThe corporate credit rating is Ba1/BB+ while the Senior Notes are rated Ba2/BBOn April 11, 2002, XTO announced that it had entered into agreements to acquire oil and natural gas properties in East Texas, Louisiana and the San Juan Basin of New Mexico with estimated proved reserves of 145 Bcf of gas equivalent |
|  XTO ENERGY | Company Overview <ul style="list-style-type: none">XTO is a leading independent E&P company engaged primarily in the exploration and production of natural gas with operations in the western U.S. and AlaskaAt December 31, 2001, the Company estimated its proved reserves to be 2.2 trillion cubic feet of natural gas, 54.0 million barrels of oil and 20.3 million barrels of natural gas liquids (2.7 Tcfe). The average reserve-to-production index for XTO's proved reserves was 14.8 years |
| LEHMAN BROTHERS <i>Joint Book-Running Manager</i> | Outcome <ul style="list-style-type: none">\$350 million 7 1/2% Senior Notes due 2012 rated Ba2/BB priced at par to yield 7 1/2% (tight end of 7 1/2% - 7 5/8% price talk)Transaction priced on a spread basis at 227 bps over the ten year treasury – inside of many investment grade creditsProceeds of the offering were used to redeem \$115 million of the 9 1/4% Senior Subordinated Notes, fund \$121 million in recently announced oil and natural gas property transactions and to repay \$90.2 million of bank debtInvestment grade quality assets and investment grade credit statistics provided strong support from crossover investors, allowing pricing at a record level <p>XTO Energy's 7 1/2% Senior Notes represent the lowest yield ever achieved for a Ba2/BB rated 10-year deal as well as the lowest yield ever achieved for a High Yield issuer in the Oil & Gas sector.</p> |

FIGURE 27

Lehman Brothers' Energy Leveraged Finance Qualifications |

#4 In Overall High Yield

FIGURE 28

Significant Momentum in High Yield Year-To-Date

2002 High Yield League Table (1)

| | Amount (\$ in millions) | Share |
|------------------------------|----------------------------|-------|
| 1 Credit Suisse First Boston | \$9,519.5 | 19.3% |
| 2 Deutsche Bank | \$7,289.1 | 14.8% |
| 3 Citigroup/SSB | \$6,717.8 | 13.6% |
| 4 Lehman Brothers | \$4,922.7 | 10.0% |
| 5 JP Morgan | \$3,633.5 | 7.4% |
| 6 Banc of America Securities | \$3,400.0 | 6.9% |
| 7 Goldman Sachs | \$3,026.0 | 6.1% |
| 8 UBS Warburg | \$2,865.0 | 5.8% |
| 9 Morgan Stanley | \$2,625.0 | 5.3% |
| 10 Merrill Lynch | \$1,503.1 | 3.0% |

2nd Quarter 2002 U.S. High Yield League Table

| | Underwriter | Proceeds (\$mm) | Share |
|------------------------------|----------------------------|-----------------|-------|
| 1 Credit Suisse First Boston | Credit Suisse First Boston | \$3,885.2 | 19.5% |
| 2 Lehman Brothers | Lehman Brothers | \$2,340.9 | 11.8% |
| 3 Citigroup/SSB | Citigroup/SSB | \$2,336.2 | 11.7% |
| 4 JP Morgan | JP Morgan | \$1,834.4 | 9.2% |
| 5 Banc of America Securities | Banc of America Securities | \$1,699.8 | 8.5% |

1st Half 2002 U.S. High Yield League Table

| | Underwriter | Proceeds (\$mm) | Share |
|------------------------------|----------------------------|-----------------|-------|
| 1 Credit Suisse First Boston | Credit Suisse First Boston | \$7,206.0 | 18.7% |
| 2 Citigroup/SSB | Citigroup/SSB | \$4,392.3 | 11.4% |
| 3 Banc of America Securities | Banc of America Securities | \$3,767.7 | 9.8% |
| 4 Deutsche Bank | Deutsche Bank | \$3,534.4 | 9.2% |
| 5 Lehman Brothers | Lehman Brothers | \$3,523.1 | 9.2% |

- ◆ Significant momentum in High Yield underwriting year-to-date, ranking #2 for the 2nd Quarter of 2002 and #5 for the 1st Half of 2002.
- ◆ 156% gain in market share vs the 2nd Quarter of 2001, and 33% gain in market share vs the 1st Half of 2001.
- ◆ Significant momentum in High Yield year-to-date, ranking #4 with over \$4.9 billion of league table credit and a 10.0% market share.
- ◆ Percentage change in market share versus 2001 of 63%, resulting in the best performance by any High Yield underwriter.

(1) Full-Credit to book-runner on the left, or "Quarterback". Lehman Brothers High Yield Capital Markets 11/11/02.

#1 In Energy Leveraged Loans

FIGURE 29

Lehman Brothers Has Been Active in Energy Leveraged Loans

- ◆ Lehman Brothers is the top underwriter of leveraged loans in the Energy sector and has substantial experience and expertise as lead arranger for E&P, Oilfield Services, Refining and Power companies, arranging 22% of the issues in the sector year-to-date 2002.

YTD 2002 Energy Lead Arranger League Table

| Bank | Proceeds (\$mm) | # of Deals | Share |
|----------------------------|-----------------|------------|-------|
| 1 Lehman Brothers | \$4,495 | 5 | 22.4% |
| 2 JP Morgan Chase | \$4,147 | 13 | 20.7% |
| 3 Citigroup | \$2,528 | 6 | 12.6% |
| 4 BANK ONE Corp | \$2,108 | 22 | 10.5% |
| 5 Bank of America | \$1,386 | 11 | 6.9% |
| 6 Deutsche Bank Alex Brown | \$1,304 | 5 | 6.5% |
| 7 Barclays | \$853 | 2 | 4.3% |
| 8 Scotia Capital | \$600 | 1 | 3.0% |
| 9 Wachovia Corp | \$525 | 3 | 2.6% |
| 10 Toronto Dominion Bank | \$470 | 2 | 2.4% |

Data Source: Lehman Brothers' High Yield Capital Markets.

LEHMAN BROTHERS

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Lehman Brothers' Energy Leveraged Finance Qualifications

COMPANY
XYZ

#1 In Overall Fixed Income Research

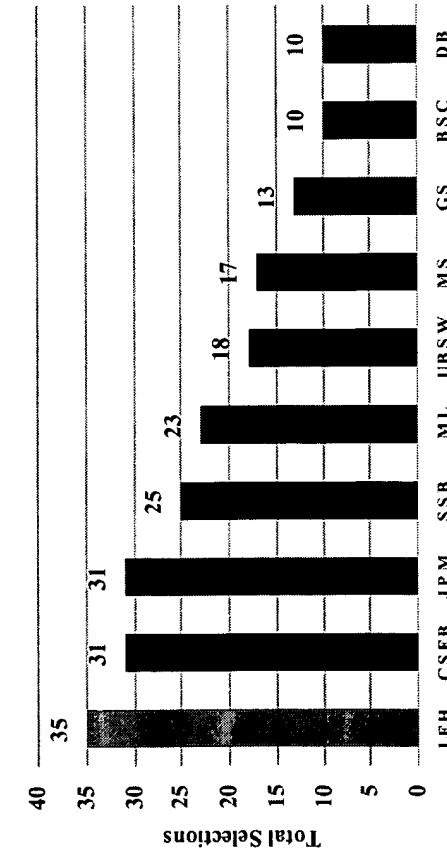
FIGURE 30

Lehman Brothers' Execution Strength Rests Upon the Franchise of our Fixed-Income Credit Research and the Power of the Lehman Brothers Indices

Lehman Brothers' Energy Leveraged Finance Qualifications

2002 Institutional Investor Magazine

All-America Fixed Income Research Team Awards



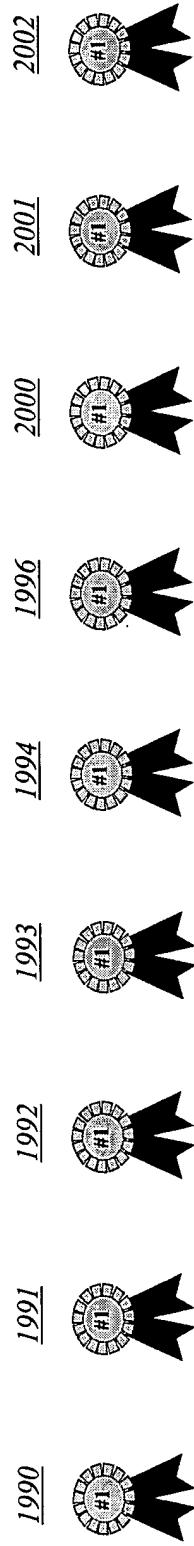
#1 in Fixed Income Indices

All-American Fixed Income Research Team Awards

- ◆ The "S&P" 500 of the bond market
- ◆ Used by 90% of fixed income investors in the US
- ◆ 50% market share in Europe
- ◆ Managed exclusively by Lehman Brothers
- ◆ Provides Lehman Brothers with unique insights into investor behavior

Investors Rely on Lehman Brothers for Strategic Direction, as Well as Specific Credit Research

Ranked #1 by Institutional Investor nine out of the past thirteen years



Superior Execution

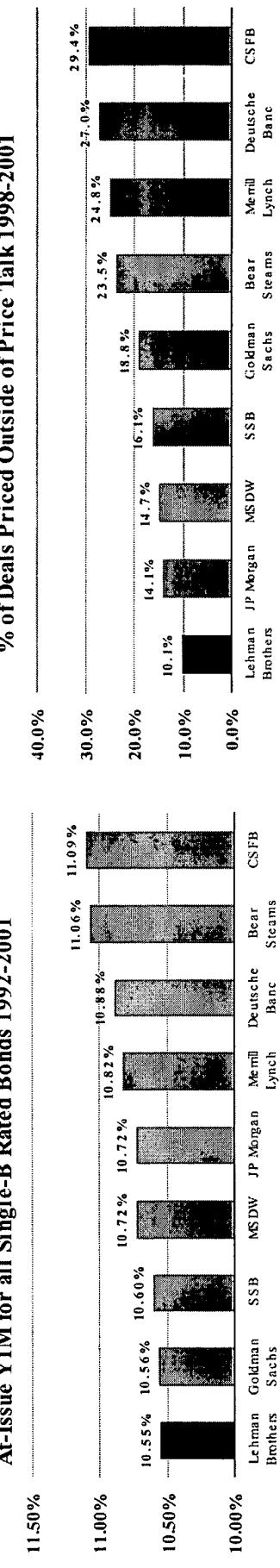
FIGURE 31

Lehman Brothers is recognized as the premier investment bank for high yield execution – our reputation for the highest quality execution benefits issuers in pricing by giving investors confidence that the necessary diligence and credit analysis has been completed, and accordingly, provides them the comfort in “paying up”. Our execution capabilities extend to our knowledge of structuring covenants

Lehman Brothers' Energy Leveraged Finance Qualifications

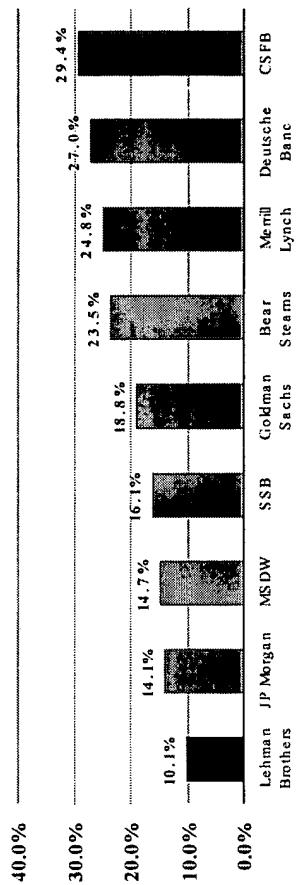
Ranked #1 for Lowest Average YTM at Issue

At-Issue YTM for all Single-B Rated Bonds 1992-2001



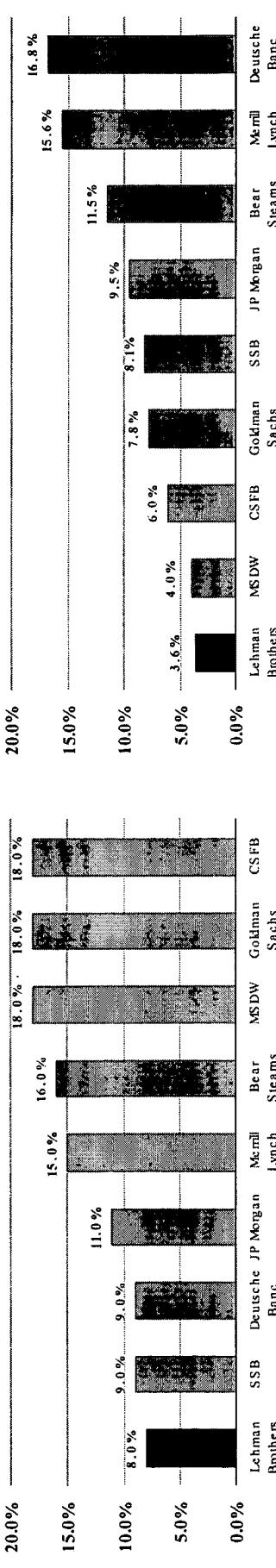
Ranked #1 for Deals Priced Within Price Talk

% of Deals Priced Outside of Price Talk 1998-2001

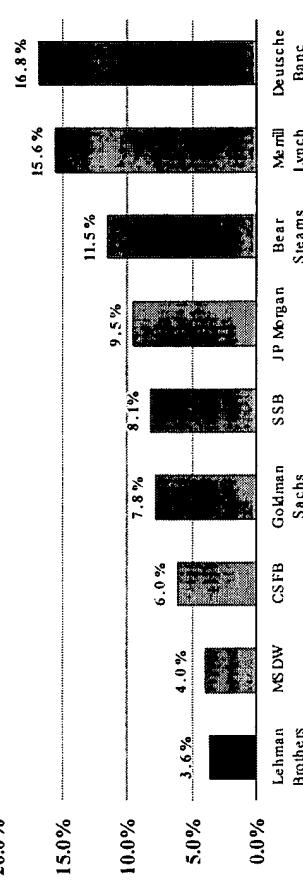


Ranked #1 for Lowest Default Rates

% of Total Deals Defaulted 1998-2001



% of Total Deals Failed from 1998-2001



Data for average coupon, price talk performance, and failed deals compiled by Lehman Brothers High Yield Capital Markets as of December 31, 2001. Default rates compiled by Moody's Investor Services.